

Message Text

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C O N F I D E N T I A L STATE 047404

E.O. 11652: GDS

TAGS: MCAP, EFIN, NATO

SUBJECT: NON-RECURRING COST RECOVERY FOR NATO SATCOM
PHASE III

REF: USNAO 0904

1. RE PARA 3 OF REF, THE SPACECRAFT OR ORDER FROM
N2-SAR MAY BE A UNIQUE "ONE OF A SERIES" ITEMS BUT THEIR
DEVELOPMENT IS BASED ON PRIOR US SATELLITE R AND D EFFORT.
US PROCEDURES REQUIRE THE APPLICATION OF BENEFITS OF
PREVIOUS TECHNOLOGY DEVELOPED ON OTHER US SPACECRAFT
PROGRAMS TO ARRIVE AT NATO SATCOM PHASE III CONFIGURATION.

2. THE DOLS. 50/DOLS.200 MILLION CRITERIA MENTIONED
IN PARA 3A OF REF APPLIES TO TOTAL USG PROGRAM AND NOT
TO THE FMS CASE. THE VALUE OF R AND D EXPENDED ON U.S.
SATELLITE PROGRAMS FAR EXCEEDS ABOVE CRITERIA. IT IS
NOT CONSIDERED NECESSARY TO BREAK DOWN R AND D COSTS
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BY ELEMENTS TO TRACE NON-RECURRING COST OF DOLS. 250,000

ASSESSED IN N2-SAR. THAT ESTIMATE IS CONSIDERED MINIMAL TO TOTAL R AND D SATELLITE COMMUNICATION INVESTMENT BY USG.

3. THE NATO III SATELLITE IS USING TRAVELLING WAVE TUBE AMPLIFIER (TWTA), TUNNEL DIODE AMPLIFIERS (TDAS) SPIN STABILIZATION, MECHANICALLY DESPUN ANTENNA,

ALTITUDE AND ANTENNA CONTROL SUBSYSTEMS, PROPULSION SUBSYSTEMS AND STRUCTURE AND THERMAL SUBSYSTEMS THAT UTILIZE TECHNOLOGY DERIVED FROM PREVIOUS US SATELLITE PROGRAMS. A MAJOR PORTION OF NATO'S CONTRACT COST FOR DESIGN AND DEVELOPMENT COVERS PAYMENT FOR THE PACKAGING AND ENGINEERING OF THE VARIOUS COMMUNICATIONS AND SPACECRAFT PECULIAR COMPONENTS TO MEET NATO SATCOM PHASE III REQUIREMENTS. THIS PACKAGING REQUIRES THE COMPONENTS TO ACHIEVE A SIZE, WEIGHT, AND CONFIGURATION THAT WILL PROVE TO BE ELECTRICALLY COMPATIBLE AND CAN BE STATICALLY AND DYNAMICALLY BALANCED ON A SPACECRAFT TO BE LAUNCHED BY A THOR-DELTA 2914 VEHICLE. THE DOLS. 250,000 IS A MINIMAL CHARGE FOR THE U.S. TECHNOLOGY THAT LED TO THE AVAILABILITY OF THESE SATELLITE COMPONENTS.

4. WITH REGARD TO QUESTION 3C OF REF, IT IS US POLICY TO RECOUP SOME PORTION OF THE CAPITAL EXPENDITURES MADE FOR R AND D FOR WHICH ALL BUYERS DERIVE BENEFITS. THE USUAL APPROACH FOR RECOUPMENT IS ON A PER UNIT BASIS AND THAT THE RECOUPMENT SHOULD NOT EXCEED 4 PER CENT OF THE R AND D COST SPREAD OVER THE NUMBER OF OPERATIONAL UNITS THAT WILL BE PROCURED. THE DOLS 250,000 FIGURE IS CONSIDERED A VERY REASONABLE AND MINIMAL COST ASSESSMENT AND IS APPLIED TO THE TOTAL NATO SATCOM PHASE III PROGRAM REGARDLESS OF THE NUMBER OF UNITS PROCURED. SHOULD NATO INSIST THAT WE IDENTIFY SPECIFIC TECHNOLOGY AND SPECIFIC PERCENTAGE OF THAT TECHNOLOGY THAT THEY ARE BEING ASSESSED FOR, THIS COULD BE DONE; HOWEVER, IT WOULD TAKE ADDITIONAL TIME AND IN ALL PROBABILITY A HIGHER NON-RECURRING COST RECOUPMENT WOULD RESULT.

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5. THE TECHNICAL DOCUMENTATION AND INFORMATION, ADDRESSED IN PARAGRAPH 4 OF REF, THAT WILL BE PROVIDED TO NATO WILL BE IN ACCORDANCE WITH THE AGREEMENT BETWEEN NATO INTEGRATED COMMUNICATIONS SYSTEMS ORGANIZATION (NICSO) FOR THE NATO AND DOD CONCERNING COOPERATION IN THE SATCOM PHASE III PROJECT SIGNED JUNE 13, 1972 BY NICSO AND JULY 12, 1972 BY DOD. KISSINGER

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